

California Community Colleges Proposed Mid-year Budget Reductions

Summary of the Governor's Proposed Cuts

The Administration is proposing a \$215 million mid-year reduction for the 108 community colleges. The total amount is comprised of:

- A \$97.5 million cut for the community colleges' total budget in the current year, constituting a 3.66% across-the-board cut for all programs.
- An estimated \$38 million shortfall in local property taxes, which would not be offset by state funds. The net effect is a \$38 million reduction in current-year funding.
- An \$80 million reduction in apportionments related to concurrent enrollments of K-12 students who are taking courses at community colleges.

The California Community College Chancellor's Office Response to the Proposed Cuts

The Community College Chancellor's Office and community college leaders have responded as follows:

- The proposed \$215 million cut is on top of a \$145.6 million cut community colleges took in 2001-02.
- The cuts are viewed as particularly devastating because they would occur mid-year. Colleges have budgeted and funded programs for the entire year.
- Student access will decrease as programs and services are reduced.
- The Chancellor's Office will meet with community college leaders on December 12, 2002 to discuss strategy and begin advocacy efforts in relation to the overall budget picture.
- The Chancellor's Office and the campuses are considering a variety of remedies to address the budget reductions. These include: revenue increases, various user fees, spending deferrals, and spending cuts.
- The Chancellor's Office anticipates additional cuts when the Governor releases his proposed 2003-04 budget.
- The Chancellor's Office is proposing that the decision to withhold \$80 million in apportionment funding related to concurrent K-12 enrollment be delayed pending a state audit. The Chancellor's Office notes that unfunded enrollment is estimated to cost the system \$175 million this year. It notes that that amount more than offsets the costs associated with concurrently enrolled K-12 students that might be generating revenue at both K-12 schools and community colleges.

The Commission's View Regarding the Spending Reductions

The Commission has identified relevant facts, implications, and several suggestions for dealing with the reductions. They include:

Relevant Facts

- The Commission estimates that student enrollment in the community colleges is expected to increase by over 189,000 from Fall 2001 to Fall 2003. This assumes no reduction in state support.

- Currently about 60,000 students who are enrolled in the community colleges are not funded by the state. The system is oversubscribed.
- Estimates provided by the largest community college district suggest that as many as 180,000 students statewide could be denied or have limited access if the proposed \$215 million funding reduction is imposed. The impact on students gaining access to community colleges could be even greater if additional cuts are proposed in the Governor's 2003-04 Budget.
- Budget reductions of about \$75 million at the University of California and \$60 million at the California State University might have the effect of diverting students who would have enrolled at four-year campuses in those two systems to community college campuses, exacerbating enrollment pressures even further.

Implications of the Proposed Reductions

History might provide an indication of the effects that major budget reductions could have on the community colleges. During the recession of the early 1990s, community colleges experienced similar reductions. The net effect of those reductions was:

- Student fees were increased.
- Student enrollment declined by about 200,000 students.
- The number of course sections was reduced, which had the effect of limiting student access to those courses they needed to complete their programs.
- Student services were reduced or eliminated, i.e. counseling, tutoring, and mentoring. Many students who received those services did not persist, or were delayed in transferring to four-year institutions.
- Part-time and adjunct faculty were terminated. Courses offered by those faculty, many in the evening and on weekends, were eliminated. Many students who depended on those courses were unable to continue or complete their education.
- Expenditures for physical plant and equipment were reduced or postponed.

Suggestions for Dealing with the Proposed Reductions

- Today, a \$1.00 per unit increase in student fees is estimated to yield roughly \$15,000,000 in revenue statewide. However, currently fee revenue is an offset to State General Fund apportionments. If the Legislature agrees to a fee increase, it should allow the colleges to use the additional revenue to supplement state resources and not supplant them.
- The Governor has proposed allowing the colleges flexibility in their use of categorical funds. Maximum flexibility in the use of categorical funds is essential to assure that colleges will be able to provide access to the greatest number of students.
- The Governor has proposed allowing community college districts to temporarily use reserve funds to offset current year reductions. Reserves should be used to meet temporary needs, and not be used to fund long-term commitments.